



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
WASHINGTON D C 20460

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OFFICE OF THE  
CHIEF FINANCIAL OFFICER

**MEMORANDUM**

**SUBJECT:** Revised Guidance for Developing Regional Plans

**FROM:** Linda Combs  
Chief Financial Officer

A handwritten signature in black ink, appearing to read "Linda Combs", is written over the printed name and title.

**TO:** Regional Administrators  
Deputy Regional Administrators  
Assistant/Associate Administrators  
Deputy Assistant/Associate Administrators

This memorandum and attachment provide guidance for developing Regional Plans, a critical component of EPA's planning and priority setting processes. This guidance incorporates the results of the September 10 discussions and agreements with Deputy Regional Administrators and National Program Managers. It responds also to recommendations of the EPA-ECOS Alignment and PPA Workgroup and promises to improve the development of Performance Partnership Agreements and Grants (PPAs/PPGs).

Regional Plans identify how Regions will make progress toward relevant Agency objectives and sub-objectives over the next 3 to 5 years. Regional Plans provide an opportunity for each Region to highlight its unique environmental conditions and problems and discuss the strategies and tools it will use to address each relevant sub-objective in the Agency's 2003 *Strategic Plan*. Regional Plans will provide the strategic basis for and include annual performance commitments between Regions and Headquarters established through the annual work planning process, which we are working to automate and expect to replace the current MOA process. Early strategic thinking in the Regional Planning phase will also ensure that PPAs more realistically reflect EPA and State priorities, reduce transaction costs and strengthen the States' ability to rely on the PPA as the single agreement that defines the State-EPA partnership.

As we continue to develop Regional Plans over the next 3 months, Regions will have an important opportunity to engage in discussions with States. Although some States might not be prepared to engage in extensive planning dialogues at this time, I encourage all Regions to ensure, at a minimum, that all States have an opportunity to review and comment on your draft Plans

before you submit them to OCFO in January 2004. Similarly, I urge you to engage Tribes, where they are partners in implementing environmental programs.

The attached guidance includes a timetable of key events for Regional Plans, National Program Guidance, Regional annual commitments, and PPAs. This schedule is designed to ensure high quality plans that reflect State engagement, encourage effective dialogue between Regions and the National Programs, inform National Guidance; and promote development of effective work plans, including PPAs.

ECOS and EPA have a shared interest in joint State/EPA planning, and we both are encouraging States to take this opportunity to work with their Regions on Regional Plans. To this end, ECOS is soliciting volunteers for "pilot" projects designed to promote increased interaction with the Regions and to highlight lessons learned from joint planning. You should be aware that ECOS, through an EPA grant, is providing support to States to increase capacity for results-based management, including strategic planning-related activities.

I am grateful for the vital leadership that senior Regional and National program managers continue to provide-identifying opportunities for and guiding the implementation of new approaches that enhance and streamline our planning and strengthen our focus on environmental results. Let me express my appreciation and support to all of you for your continuing efforts to help improve and integrate the Agency's strategic planning, budgeting, and performance processes through the development of Regional Plans. If you have any questions, please feel free to call me.

Attachment

cc: Marianne Horinko  
Steve Johnson  
Tom Gibson  
Mike Ryan  
Senior Budget Officers  
Planning Contacts  
David Ziegele

**Attachment A**  
**Guidance for Development of Regional Plans**  
**(Revised October 2003)**

**Overview**

This revised guidance for development of Regional Plans builds upon the guidance issued in March 2003 by the Office of the Chief Financial Officer, and reflects the agreements of the September 10, 2003 meeting of EPA senior management and incorporates preliminary input from the co-chairs of the EPA-ECOS Alignment and PPA Workgroup.

**Agreed-Upon Principles Guide Continuing Improvements**

At the September 10 meeting, EPA's senior management agreed upon a series of specific principles that would guide short and long-term improvements to the existing planning processes (Regional Plans, National Guidance, Region Work planning-Annual Performance Commitments, and Performance Partnership Agreements (PPAs):

1. Results Focus - Regional Plans, National Guidance, and work planning efforts, including PPAs, should focus on **what** the Agency and its partners are doing in order to achieve the outcomes committed to in the Strategic Plan and **why** it has chosen those activities and approaches and **how we measure success**.

2. Early Engagement/Incentives for Quality - Use Regional Plans to achieve meaningful early engagement between Headquarters, Regions, and States and as a key forum for joint planning and priority setting. High-quality Regional Plans will inform and influence National Guidance development and make operational/annual work planning (e.g., PPAs) faster and easier, and more definitive.

3. Single Coordinated Process - Processes (e.g., draft and final National guidances) are coordinated and integrated across the five programs to facilitate:

- top management engagement (AAs/DAAAs, RAs/DRAs, State and Tribal commissioners)
- cross-media coordination
- cross-program trade-offs
- innovative approaches including voluntary programs

4. Minimize transaction costs, minimize and consolidate documents and keep it short - Keep the process simple and minimize transaction costs to EPA, States, Tribes and other partners. For example, streamline the content of National Program guidance and the number of annual commitments by Regions and States.

5. Focused on Highest Priorities - National Guidance and Headquarters/Regional annual commitments should have the smallest number of agreed-upon targets and indicators necessary:

- to ensure national and Regional accountability for results,
- to serve as a feedback loop for National Program management, and
- to tell the Agency performance story.

6. Transparency - Processes and products should be accessible to partners and stakeholders, so that they can influence the content and better understand what we're doing and why.

### **Purpose of Regional Plans**

Regional Plans are strategic in nature, identifying how Regions will make progress toward the relevant Objectives and Sub-objectives in EPA's *Strategic Plan* over the next 3 to 5 years. Regional Plans will inform and influence National Program Guidance, and include an annual planning component. These Plans will identify annual performance commitments between Regions and Headquarters established through the annual work planning process, which we are working to automate and expect to replace the current MOA process. NPMs have agreed to engage with the Regions during development of the Plans, particularly where Regions provide early flags that a proposed strategy or set of priorities diverges from a National strategy.

Developing and periodically revising Regional Plans will provide a key forum for joint EPA-State planning and priority setting. Early strategic thinking in the Regional Planning phase will ensure that PPAs more realistically reflect EPA and State priorities, reduce transaction costs and strengthen the States' ability to rely on the PPA as the single agreement that defines the State-EPA partnership. Given that most FY 2004 PPAs are now final or will be finalized shortly, however, it is likely that the results of joint EPA-State planning in the coming months will be more completely reflected in FY 2005 PPAs.

### **Format and Content of Regional Plans**

#### **I. Regional Overview** (Target Length: 4-6 pages)

**Purpose:** In this section of the Plan, each Region should provide a narrative overview, and data where available, of the unique drivers and trends (e.g., environmental, geographic, demographic, political, economic, etc.) that affect the environmental work in the Region and how they have influenced the Region's strategies. This section should also provide an overview of and context for the Region's major priorities (e.g., agriculture, energy, border issues, infrastructure, etc.) that will help set the stage for the Regional Strategies that are articulated in Section II.

#### **II. Regional Strategies for Achieving National Goals and Objectives** (Target Length: 30-50 pages total; 1-3 pages for each relevant sub-objective)

**Purpose:** This section of the Plan would describe how Regional work supports the National Goals and Objectives contained in EPA's final 2003 *Strategic Plan*. Regional plans must articulate the strategies, including both core program tools and innovative strategies, that a Region is using to make progress toward achieving each Sub-objective\*. The plans should discuss the mix of NPM and Region-specific tools the Region is applying to meet each Sub-objective.

This section should address the following questions:

- A. What is the current state of human health or environmental protection for this Sub-objective in your Region and are there any relevant trends over time (i.e., what are indicators or data specific to this Sub-objective that characterize current status and trends as context for your strategy)?
- B. What are the major problems that need to be addressed in order to make progress toward this Sub-objective in your Region?
- C. What tools or program components, (e.g., permits, enforcement, State capacity building, compliance assistance, direct program delivery, industry partnerships, etc.) focused on what problems, make up the Region's strategy for making progress toward the Objective? This section of the Regional Plans should also be used to highlight any novel or innovative approaches the Region or its States plan to pursue to implement a core program.
- D. Where the Regional Strategy includes activities addressing Regional interests not covered by the National strategy (e.g., acid mine drainage affecting water quality), describe these activities and identify the primary measures that the Region will use to track progress in implementing its strategy?

\*Note: It is not necessary to write strategies for Objectives or Sub-objectives which do not contain Regional work. For example, objectives dealing with science and research may not be applicable to the Regions. However, as a general matter, Regional Strategies will be written for each relevant Sub-objective. A working example of a Regional Strategy for a selected Sub-objective is provided with this guidance.

### **III. Cross-Cutting Strategies** (Target Length: 2-6 pages)

**Purpose:** This section is where the Region can describe its approach to the Agency's cross-goal strategies (Homeland Security, Human Capital, Information, Innovation, Partnerships, Science) or others of importance to the Region.

### **IV. Regional Accountability** (Target Length: 1-2 pages)

**Purpose:** In this section, each Region should describe its accountability and performance measurement tools, along with any program evaluations that the Region is using to assess its progress. Each Region should describe how these tools are or will be used, including how the results will be used in management decision making.

## **V. Partnerships with States and Tribes (Target Length: 2-4 pages)**

**Purpose:** Each Region should describe the status of the relationship between the Region and its State and Tribal partners. For each major partner, the Region should identify the two or three key issues of greatest importance (e.g., the multiyear priorities articulated in a PPA or PPG) and the Region's strategy for making progress on those issues over the next three to five years. The Region should also include a brief summary of how the Region has involved States and Tribes in the development of the Regional Plan as well as plans for engaging States and Tribes in subsequent updates to the strategic components (Sections I-V) of the Regional Plan

### **PROPOSED ATTACHMENT TO THE REGIONAL PLAN - FY05 Regional Workplan/Consolidated Annual Commitments**

The DRAs and NPMs agreed to the concept of a consolidated, online process for Regions to establish annual commitments that address each of the five strategic goals. Under this proposed approach, these annual performance commitments would be an addendum or an appendix to the Regional Plan. Further, we would synchronize the annual work planning process across programs in such a way that senior Regional managers could look at the draft annual performance commitments across all five programs and play a stronger role than was possible under the MOA process. This assumes that the Regional Plan provides the Region's strategic rationale for the proposed performance commitments. This would also facilitate Regions' ability to get early State and Tribal input into the Regions' performance commitments. It was agreed that this online, annual commitment process would replace the FY 05 MOAs. OCFO will work with the five National Programs and the Regions to facilitate development of the online annual commitment system.

#### **Example Regional Strategy**

##### **Overview**

OCFO developed the following example of a Regional Strategy. It was derived from and informed by several of the Regions' draft Section II strategies. While this sample strategy is made-up, it illustrates attributes of what OCFO considers to be an effective Regional Strategy, because it:

- speaks directly to a relevant sub-objective
- provides a short description of the existing environmental conditions and problems
- looks forward 3-5 years
- includes state input
- conveys an overall context and strategic approach for addressing the sub-objective
- describes the rationale for the approach
- includes the key programs/tools/ activities to be used
- provides the basis for translating the strategies into annual performance commitments
- includes appropriate measures of success
- is concise

## **Example Strategy**

### **Goal Two: Clean Water**

#### **Objective 2.2 Protect Water Quality**

##### **Sub-objective 2.2.1 Improve Water Quality on a Watershed Basis**

### **Current State/Major Problems to be Addressed**

Region Y has 632 impaired waterbodies on the CWA 303(d) impaired waters list requiring TMDLs. Over 60% of these waterbodies are impaired because of nutrients (nitrogen or phosphorus). While data are not completely conclusive, it is commonly agreed by the States and the Region that agricultural sources, both point and nonpoint, play a predominant role in the causes of or contributions to water quality impairment. In consultation with the States, it is generally agreed that improved monitoring will confirm that pathogens are also a key source of impairment from agriculture and other sources. Agriculture represents a critical part of the economy in Region Y, with agricultural commodities accounting for over \$12 billion in annual sales. In light of the new concentrated animal feeding operations (CAFOs) rule promulgated in 2003, there are about 2,100 CAFOs (point sources) that will need new or revised NPDES permits and be required to develop comprehensive nutrient management plans. There are also as many as 12,000 animal feeding operations (nonpoint sources) and many other agricultural enterprises throughout the Region.

Another critical component of our States' ability to address long term nutrient-related water quality issues is the need to promulgate water quality standards for nitrogen (N) and phosphorus (P). None of the States currently have promulgated water quality standards for N and P. Pathogen-related water quality standards may also need to be updated in each of our authorized States.

### **Strategy Highlights**

Consistent with the Region's emphasis on Agriculture described in Section I of the Regional Plan, many of the strategies and tools needed to support sub-objective 2.2.1 involve efforts to promote new or enhanced agricultural practices that protect water quality. The Region will use both regulatory and voluntary strategies in close coordination with States. Another key element of the Region's strategy is to work closely with USDA and the state agricultural agencies to maximize use of conservation funding (e.g., Environmental Quality Incentives Program) and technical resources to address the highest water quality problems. The Region will also apply watershed-based approaches to continue to implement core program tools (e.g. TMDLs, NPDES, and funding (SRF and 319) to accomplish this sub-objective.

### Strategies, Tools and Measures

Strategies	Tools/Programs	Region-specific Measures
Support promulgation of state water quality standards for Nitrogen and Phosphorus and revised standards for pathogens by 2008	1) Provide technical assistance to States in drafting WQ standards promulgation packages	1) State progress to develop new/revised water quality standards for N, P and pathogens
Develop cooperative strategies with USDA and State agriculture agencies to promote sound ag practices for point and nonpoint sources that protect water quality	1) Designate a Region “Ag Coordinator” to facilitate effective dialogues with USDA 2) Appoint a Region representative to serve on each State’s NRCS Technical Committee to help guide resource conservation funding and technical assistance to ag producers 3) Aggressively promote use of SRF funding to support nonpoint source controls 4) Work with USDA and State ag agencies to ensure that all 12,000 animal feeding operations develop and implement comprehensive nutrient management plans.	1) Demonstrably improved relations with USDA and state ag 2) 10 fold increase in EQIP and SRF funds to support effective nutrient management by agricultural entities 3) Innovative manure management practices in place
Promote watershed-based strategies to address ag water quality issues in problematic watersheds	1) Select three pilots to apply watershed-wide strategies to address excess manure problems	1) Pilot watersheds removed from impaired waterbody list by 2008
Issue new or revised NPDES permits to all 2,100 CAFOs by 2006	1) Sponsor annual training, with USDA, for ag producers on nutrient management planning 2) Provide technical assistance to States for the development of NPDES permits for CAFOs	1) Region and States conduct 10 case studies to develop approaches and quantify water quality improvements from nutrient management planning



<b>Strategies</b>	<b>Tools/Programs</b>	<b>Region-specific Measures</b>
Implement permitting strategies with the States that emphasize environmentally significant permits, while making progress to reduce the permit backlog	1) Develop NPDES permitting strategies and commitments with each of the States	1) Established criteria to determine which permits are most environmentally significant
Develop TMDLs to support water quality improvement, with an emphasis on using watershed permitting as a tool to address bundled TMDLs	1) Establish TMDL strategies with each State	1) Number and success of watershed permitting for TMDL implementation strategies
Promote trading opportunities	1) Secure commitments from States to target selected watershed for trading efforts	1) Progress to pursue trading in three watersheds in Region Y.

### Timetable for Regional Plans, National Guidance, Region Work Planning and PPAs

What	Who	When
Summary of September 10 Meeting	OCFO	September 16, 2003
Letter from ECOS to the States Describing Opportunity for State Engagement on Regional Plans	ECOS	September 18, 2003
Draft Regional Plan Guidance for Review	OCFO	October 1, 2003
Final Revised Regional Plan Guidance Issued	OCFO	October 20, 2003
Letter from DA Providing Expectations for Region-State Engagement on Regional Plans	OCFO/DA	October 27, 2003
State Engagement on Regional Plans	Regions/States	October - December, 2004
EPA-ECOS Alignment/PPA Workgroup Meeting	EPA and ECOS	November 13-14, 2003
Complete Draft Regional Plans (Sections I-V) Due to OCFO	Regions	January 15, 2004
EPA-ECOS Alignment and PPA Reform Workshop (tentative)	EGOS/States and EPA (NPMs and Regions)	Mid January 2004
NPMs Consider Regional Plans during drafting of NPM Guidance and Discuss Any Significant Disagreements between Regional Strategies and NPM Guidance	NPMs/Regions	Late January thru early February
Operating Year Performance Priorities Meeting - opportunity for RA and NPM discussion of Regional priorities and strategies and tentative priorities for NPM guidance (tentative)	OCFO/NPMs/Regions	Early February
Draft NPM Guidance Issued (synchronized and including annual commitment tables/framework-empty tables)	NPMs/DA	February 15: 2004
Final Regional Plans (Sections I-V) are Final and on the Web.	Regions	April 1, 2004

<b>What</b>	<b>Who</b>	<b>When</b>
Final NPM Guidance (synchronized) with the annual commitment framework (empty tables) Issued. This may include initial national targets that reflect on-going discussions between NPMs, Regions and States.	NPMs	April 1, 2004
EPA Annual planning meeting: opportunity to incorporate input for FY 06 annual priorities and commitments	EPA/States/Tribes	May 2004
Iterative development of Performance Partnership Agreements	Regions/States	April -October, 2004
Draft Attachment to the Regional Plan - Regional Work Plan with Draft Annual Targets	Regions	August 1, 2004
Final Attachment to the Regional Plan - Regional Work Plan with Final Annual Commitments Submitted	Regions	October 1, 2004
Final Attachment to the Regional Plan - Final Annual Workplan Commitments Available on the Web	Regions/OCFO	October 15,2004